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19 March 1958

BRIEF FOR THE CIA CAREER COUNCIL

SUBJECT: Compensation System

1. The Agency has elected to conform to the principles and many of the rules, procedures and schedules of the Classification Act of 1949, although not required to do so by law.
2. Two most fundamental questions need to be examined by the Council:
"Can a system of compensation which better meets the needs of the Agency be devised?"
"If it can be devised, can concurrence of the highest levels of the Government be obtained to put it into effect?"
3. The attached "think piece," which is not necessarily a definitive plan worked out in complete detail, is presented in order to stimulate discussion and guidance from the Council. The new Manpower Control System presented at the Council's last meeting, the Compensation System, herewith, and a Retirement System, to be discussed by the Council in April, are all interrelated.

S-E-C-R-E-T

19 March 1958

A COMPENSATION SYSTEM
for the
CENTRAL INTELLIGENCE AGENCY

1. INTRODUCTION

A revision of the Agency's system of compensation and wage administration will require the approval of the Bureau of the Budget and the House and Senate Appropriations and Armed Services Committees. In reviewing the system herein described the Career Council should weigh the advantages it will bring to the Agency against the problems associated with introducing such a plan at this time.

2. SUMMARY

a. This compensation system for Agency personnel is designed

- (1) to afford a mechanism for a better personnel management program, and
- (2) to maintain a definite relationship to the existing Government salary structure.

b. The system embraces the following features which are in consonance with industrial pay practices, and with recent Government compensation studies (refer to Annex 1).

- (1) Consolidation of 9 grades (GS-7 through GS-15) into five new groups.
- (2) Extension of salary ranges in each group in varying degrees to a 48% maximum of the base rate.
- (3) Overlapping salary ranges.
- (4) Elimination of the automatic periodic step increase above the grade 6 (GS-6) level.

(5) Two types of advancement:

- a.1 Step increase at the lower levels to be granted in accordance with current practice,
- a.2 Merit increase at the upper levels, based on performance, to be granted by the responsible Operating Official with the concurrence of the Head of the Career Service concerned; and

b. Competitive grade promotion by the Career Services.

- (6) The conversion of all employees GS-8 through GS-15 to the lowest group which will accommodate their present scheduled salary ranges. This will provide an opportunity for adequate screening prior to subsequent selection to higher levels (refer to Annex 2).

REVISED COMPENSATION SCHEDULE (Refer to Annex 3)

(Group GR-1 through GR-6, same as General Schedule GS-1 through GS-6)

<u>Old Grade</u>	<u>New Group</u>	<u>No. of Steps</u>	<u>Bottom Step of Group</u>	<u>Increments</u>	<u>Top Step of Group</u>	<u>Percentage Range</u>
GS-07	GR-07	17	\$ 4525	\$135	\$ 6685	48%
GS-11	GR-08	15	\$ 6390	\$215	\$ 9400	47%
GS-13	GR-09	15	\$ 8990	\$215	\$12000	33%
GS-14	GR-10	15	\$10320	\$215	\$13330	29%
GS-15	GR-11	10	\$11610	\$270 (\$215)	\$14040	21%
GS-16	GR-12	10	\$12900	\$215	\$14835	15%
GS-17	GR-13	8	\$13975	\$215	\$15480	11%
GS-18	GR-14	1	\$16000	--	16000	0%

3. SOME SIGNIFICANT ADVANTAGES

The principal advantages to the plan relate directly to the following features: the extended ranges for each grade; merit (or earned) step increases; overlapping of salary rates between grades. The plan will:

- a. Permit merit increases (one to three increases at a time) in pay without change in grade. Under the present system of compensation significant increases in pay can be achieved only through promotion; in-grade advances are slow, and top salary of the grade is not greatly higher than the base. This has resulted in a very bleak prospect for many employees who are capable of fine work but who, for one reason or another, cannot reliably hope to be advanced to the next higher grade. A case in point is the situation to be found among the many GS-15's in the Agency. It is well known among them that relatively few will achieve grade GS-16 in the foreseeable future, and the rest are left without pay incentives.
- b. Advancement from one grade to the next higher as a result of competitive promotion will occur less frequently than at present. Career Service boards and panels will handle fewer cases and will be able to make better selections. Promotions will then become more significant as a mark of status.
- c. The grade structure will conform more exactly with definable levels of responsibility. There are not seven levels of work between GS-7 and GS-15 that mean anything. There are junior professionals (group 7) journeymen

(group 8), intermediate levels (group 9), and probably two levels of senior professionals (groups 10 and 11). By doing away with the hair-splitting between the duties and functions of, for example, the present GS-11 and GS-12 case officers and analysts, and introducing broader, more meaningful categories of personnel, we can simplify our job and organizational structure and assignment of personnel will be facilitated.

- d. Meritorious advancement of an individual into the overlapping pay range of the next higher new group can be used as a means of rewarding the specialist who could not be expected to assume general duties at the next grade level in his Career Service. It can also be used as an incentive for the man who, through no fault of his own, has been denied an opportunity to demonstrate his qualifications for competitive promotion but whose career plan provides for such opportunity in the future.
- e. The process of conversion of each employee in GS-8 to GS-15 to the lowest group which accommodates his current salary range will permit selection of personnel for advancement to a higher group. At the same time persons not selected for subsequent promotion will retain the same compensation potential as under the GS schedule. If such subsequent selection is done wisely, the more competent personnel will advance to the top levels.

4. CAREER SERVICE CONTROL IN LIEU OF T/O CONTROL

a. Historical

The Agency underwent rapid expansion from its inception in 1947 until the close of the Korean conflict. During this period, a substantial number of Tables of Organization were authorized on the basis of projected programs and functions. These T/O's contained an abundance of high graded positions. This resulted in the rapid advancement of many employees, the recruitment of specialists at high grades and the lowering of qualification standards. This accelerated growth of the Agency and rapid increase in pay took place without the benefit of coordinated planning and monitoring by management. Subsequently, the Career Service System was inaugurated, which today provides an instrument which can plan and control pay administration.

b. Present Personnel and Staffing Situation

Today the following conditions exist:

- (1) Some Career Services provide ample opportunities for advancement while other Career Services provide practically none.
- (2) Qualifications of personnel at the same grade level, even within Career Services, are widely divergent.
- (3) Many young employees are confronted with limited opportunities for advancement
- (4) The large majority of personnel obtain step increases without careful regard to level of performance.

c. Adopted and Proposed Remedial Measures

- (1) The Competitive Promotion System, recently adopted, affords the mechanics for the promotion and assignment of personnel and permits, under certain conditions, the overslotting of employees on the T/O.
- (2) The Staffing/Development Manpower Control System provides the following:
 - (a) Allocation of personnel ceiling by Career Services
 - (b) Establishment of an annual Career Service Staffing Authorization to administer equitably a coordinated salary control. This is the result of careful planning for the composition and structure of each Career Service to best fulfill Agency requirements in the most economical manner. This controls the planned attrition, recruitment and number of promotions of personnel at each level.
 - (c) Flexibility for Operating Officials to redistribute ceiling as required without the necessity of all the red tape inherent in the rigid Table of Organization System.
 - (d) Distinction between individuals officially assigned to work burden positions and those in training, casual status, etc., in order to obtain a better understanding of staffing requirements and employee utilization problems.

d. Effect of the Revised Compensation System on the Control of Payroll Costs

The installation of the revised Compensation System will allow payroll costs to vary considerably under the recently adopted annual Career Service Staffing Authorization which limits the number of employees at each grade. The reasons for this are the establishment of wider salary ranges at each grade level, overlapping salary rates, and substantial merit step increases of a non-automatic nature.

e. Control

- (1) It is proposed that each Career Service Head at the time of the preparation of the annual Career Service Staffing Authorization establish limitations on the total number of meritorious step increases that may be granted employees under the control of his Career Service. These limitations would be incorporated into the annual Career Service Staffing Authorization and subjected to the same review and approval by the responsible Deputy Director, the Director of Personnel and the Deputy Director (Support).
- (2) Factors to be considered in the establishment of these limitations for merit increases are:
 - (a) current compensation of members of each Career Service translated into average salary for each grade;
 - (b) number of planned promotions proposed;

- (c) the Agency's budget prospects.
 - (3) Accordingly, within approved Staffing Authorizations, the Career Service concerned will approve all grade promotions. Merit increases will be controlled by a Career Service accounting system which will distribute those actions equitably throughout the Service and throughout the budget year.
 - (4) The principles of position evaluation will be utilized in the analysis of organizational and career service staffing requirements in setting Staffing Authorizations. This is essential to maintain satisfactory wage alignment among the organizations and the Career Services. Position surveys will be made to
 - (a) obtain information necessary for Career Service Staffing Authorization revisions,
 - (b) advise Operating Officials and Career Service Heads on the status of job levels versus compensation levels,
 - (c) provide the Director of Personnel with information on personnel utilization, and
 - (d) obtain wage data and salary data from other Government agencies and industry to enable CIA to maintain as competitive a position in compensation as is possible.
 - (5) With the establishment of fewer and more readily defined grade levels, standard positions descriptions prepared by Office of Personnel with concurrence from the Career Services will replace the position guidelines now in use and will serve to guide Operating and Career Service Officials in personnel assignments, utilization, and compensation.
5. DESCRIPTION OF A COMPENSATION SYSTEM FOR CIA
- a. Construction of the Compensation Schedule (See Annex 3)

The Compensation Schedule is a system of fourteen groups based primarily on the Government General Schedule. It involves the following combinations:

Groups 1 through 6 (GR-1 through GR-6) are exactly like the same grades in the General Schedule (GS-1 through GS-6).

Groups 7 and 8 (GR-7 and GR-8) are essentially combinations of GS-7 through GS-9 and GS-11 and GS-12 respectively with ranges of 48% and 47%.

Groups 9, 10, and 11 (GR-9, GR-10 and GR-11) are fundamentally GS-13, GS-14, and GS-15 with ranges extending from 33% to 21% over the base pay rate.

Groups 12, 13, and 14 are Supergrade positions (GS-16, 17 and 18) with salary range extensions of 15% and 11% for GR-12 and GR-13.

The base rates for all Groups correspond to the base rate for the lowest GS grade encompassed. This will permit adaption of subsequent GS pay increases without complication.

b. Use of the Professional Schedule

- (1) In-Hiring Rates: In-hiring rates will normally be at the base of the group unless advanced recruitment rates have been authorized for the job or applicant as specified in paragraph 5 (page 7).
- (2) Periodic Step Increases: Groups 1 through 6, one step per year for satisfactory work performance. Group 7 and above - none.
- (3) Longevity Step Increases: Groups 1 through 6 - Longevity increases will be given in accordance with approved Federal practices. Group 7 and above - none.
- (4) Merit Step Increases:
 - (a) Increases for persons in Group 7 and above can be awarded in recognition of:
 - (1) Growth of an individual in the performance of his duties over a period of time,
 - (2) Excellent performance of duties for a sustained period of time, and
 - (3) Exceptional contribution to the success of the Agency's mission.
 - (b) Size: Merit step increases for Group 7 will be from one to seven steps. Merit step increases for Group 8 and above will be from one to three steps. The size of the increase will be in proportion to degree of the employee's performance in comparison to that of other employees of the same grade and salary.
 - (c) Eligibility: An employee's eligibility for a merit increase will depend on his performance in comparison with others in his unit area and the availability of spaces for such increases, as determined by the Career Service concerned.
 - (d) Method of Approval: An employee's performance will be assessed at least once annually for consideration of a possible merit increase. Normally, this will be coincidental with the preparation of the Fitness Report. Merit increases will be recommended by Operating Officials, and concurred in or disapproved by the Head of the employee's Career Service which will control the number of increases in relation to the Staffing Authorization. Concurrence by the appropriate Career Service will be subject to final approval by the Director of Personnel. Merit increases above the base salary of GS-12 (supergrade) will be subject to approval by the Supergrade Review Board. This requirement thus applies also to steps 6 through 10 of Group 11.

- (e) Effect of Merit Increase on Promotion: The receipt of one or more merit increases will not affect the eligibility of an individual for a grade promotion. The receipt of such increases will be an indicator to Competitive Evaluation Panels of the employee's ability.

(5) Advanced Recruitment Rates:

- (a) Purpose: Recruitment at salary steps above the base salary of the Groups may be authorized by the Director of Personnel:

- (1) To meet competitive labor market conditions for critical categories of personnel;
- (2) In recognition of an individual's outstanding qualifications of direct application to the position which he is to fill.

(b) Method of Approval:

(1) Scarce or Critical Occupational Categories:

- (a) Advanced base rates may be approved by the Director of Personnel for the recruitment of personnel in job categories whenever Agency recruitment experience and wage surveys indicate such action is required for successful recruitment.
- (b) The qualifications of all personnel on duty in the Agency who are assigned to a position for which an advanced base rate has been approved will be reviewed at that time for individual salary adjustments commensurate with their ability, experience and suitability.

- (2) Individual Applicants: Whenever an individual applicant possesses outstanding qualifications for a specific vacancy, he may be recruited at any step above the base rate, when necessary to effect a successful recruitment. Such action must be approved by the Director of Personnel. Requests will be considered for approval on the basis of:

- (a) Degree of qualification for the specific job.
- (b) Applicant's current salary level.
- (c) Applicant's long range potential.
- (d) Availability of other qualified applicants for the position.
- (e) Salary levels for the occupation outside the Agency.

- (f) Alignment of proposed advance rate with salaries held by Agency personnel performing similar work. Individual advanced rates approved for applicants will not result in an adjustment of salary rates for personnel on duty.
- (6) Promotion Time-in-Grade Requirements: GR-1 through GR-6 - same Agency time-in-group guidelines apply. GR-7 and above - no time-in-group requirements.
- c. Installation of the Revised Compensation System
- (1) This system has been designed to achieve specific goals with a minimum of change to basic personnel and administrative procedures. However, some Agency regulations and basic procedures will need modification. These would include:

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- (2) The Compensation Schedule: This schedule will be the basis of compensation for all employees except Wage Board types. Examples of the kinds of positions characteristic of each grade are as follows:

Intelligence Production (DD/I)

- GR-7 Junior Officer - Trainee - Sub-Journeyman
- GR-8 Journeyman - Application of technical specialty and/or intelligence analysis know-how on a variety of projects.
- GR-9 Senior Officer is either a technical specialist or a supervisor. Work involves knowledge of difficult technical assignments in specialty; work of others; and responsibility for improvement of the intelligence system.
- GR-10 Expert is either a supervisor with program responsibility (Branch Chief, Deputy Division Chief) or a Staff Officer with Office or Agency-wide purview.
- GR-11 Executive - Supervisor with program responsibility (division Chief, Major Branch Chief, etc.).

Clandestine Operations (DD/P)

- GR-7 Junior Officer - Assists Case Officers, handles routine projects under close supervision, and progresses to more substantive work.
- GR-8 Journeyman - Full scope of Case Officer duties, full range of projects, effective agent handling. Requires good knowledge of tradecraft, area and language knowledge.
- GR-9 Senior Officer - Handles large, difficult or extremely sensitive projects involving thorough knowledge of tradecraft, area and language knowledge.

Supervisory - Base Chief - Section Chief

Chief, FI,

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- GR-10 Expert - Staff Officer - Station or Base Chief

Chief, Ops - Branch or Deputy Chief

Technical Specialist - Outstanding Case Officer whose talents are best utilized in non-administrative work.

- GR-11 Executive - Station Chiefs - Senior Branch Chiefs having clearly defined administrative responsibility for a substantive program. Requires ability to handle a variety of jobs in different geographical areas.

Support (DD/S)

The principles which have been used in delineating the Group levels for the DD/I and the DD/P will be used for the Group levels in the DD/S.

(3) Conversion to the Compensation Schedule

- (a) Positions: The Deputy Directors will instruct Career Service Heads and Operating Officials under their jurisdiction to analyze their requirements for positions in light of the simplified wage structure for the purpose of developing and presenting realistic staffing requirements. After coordination at the Deputy Director level, these proposed staffing requirements will be processed in accordance with Agency procedures and used as a basis for initial revised Staffing Authorizations.
- (b) Personnel: Personnel GS-7 and below will convert to the same numbered group under the Revised Compensation Scale. Personnel GS-8 through GS-15 will convert to the lowest group compatible with their present salary range. (Refer to Annex 2)